

be called, the Banking Committee. This means deposits and prudent lending must be unwound, separated, and regulated differently from the securitization process for a major portion of economic activity.

Number five, we ought to incentivize the accumulation of equity by ordinary citizens, and I was pleased to see that President Obama's budget includes savings proposals. And, we ought to restore an ethic of service to bank customers by those working in banks, not using them to empty out the limited savings of the American people.

Number seven, we ought to restore the balance of power between Wall Street and the megabanks on the one end of the scale with community-based banks and credit unions at the other end of the scale. We ought to ask Chairman Bernanke for more on that score.

And, finally, we ought to investigate, investigate, investigate. In an article last week titled, "Then It's Securities Fraud," journalist Froma Harrop wrote that law professor William Black of the University of Missouri Kansas City, who is also renowned for his work in ethics, has mounted a campaign for a new Pecora-type investigation here in the Congress. That was a series of hearings held by the Senate Banking Committee into financial wrongdoing at the end of the Great Depression.

Harrop writes, "As the bottom was falling out of derivatives trading, AIG was reporting healthy profits. That's not allowed under the law. Meanwhile, the company created a short-term bonus system for its top executives."

Professor Black's call for a Pecora Commission should not go unheeded by this Congress. The issue of securities fraud is not a small matter.

The first order of business is to get the financial system righted so the ship doesn't sink. We owe that to the American people who are trying to hold on to their own dreams.

□ 1615

Then the Congress must launch an investigation like no other into the causes of this crisis. And frankly, it is a conundrum to this Member why that set of investigations has not already begun. We need to learn every detail about what happened and why and bring the wrongdoers to justice so that this never, ever happens again.

Next week, I'm going to offer greater detail about what America needs to do from this point forward. But certainly one of the actions that should be taken today is that the Federal Deposit Insurance Corporation and the Securities and Exchange Commission should immediately employ reforms in mark-to-market accounting so that we can actually help our banks begin to lend again, because we can never possibly replace the capital being destroyed every day by mark to market with the infusions from the taxpayers of the United States.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

(Mr. SHERMAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

INVESTORS PARTNERING WITH TAXPAYERS TO BAIL OUT WALL STREET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. We have been told this would be the most transparent administration in history. And in many areas, they are infinitely better than the Bush administration. Their single greatest failing comes in the area that, unfortunately, is foremost with most Americans today, which is the economy and the bailouts on Wall Street.

Treasury Secretary Geithner has now proposed a new plan. It is a pretty good deal. Taxpayers will put up 95 cents of every \$1, investors will put up, well, between 5 and 7 cents. And it is called a nonrecourse loan; that is, these speculators will put down 5 cents on the dollar to bet on certain packages of so-called toxic assets from the banks, buying them from the banks, and they will share evenly in the profits with the American taxpayers, except the American taxpayers put up 95 cents, and the speculators put up a nickel.

It is certain to perpetuate what has been going on on Wall Street, which is making a few people very rich and impoverishing average Americans, and this time through the tax system and putting taxpayers on the hook.

The program is reported, according to the Washington Times, to have been designed by two prominent Wall Street firms, Blackstone, a secretive private equity group, and a company called Pimco, both of whom apparently have very large positions in these so-called "toxic assets." It is reported by the Washington Times that they suggested this to some of their insider buddies in the administration, and the insider buddies presented this to Secretary Geithner, who has been floundering around trying to put details to his program, and now he has found them. So Wall Street has written the details.

Also, according to the Times, Pimco and Blackstone are not only in line to be able to wash some of their toxic assets and to gamble mostly with taxpayers' money on other people's toxic assets, but they are going to be hired by the government to manage the program. What a beautiful sort of circular little system this is.

We need some accountability and transparency. We need a commission akin to the commission named after the collapse in the Great Depression to investigate every aspect of what has gotten us to this point, who has been involved, what laws have been broken, with subpoena power so that some of

these people can enjoy, instead of Federal handouts, they can enjoy Federal hospitality in a maximum security prison somewhere.

Plain and simply, I believe the American people are being taken to the cleaners yet again with this particular plan. What is wrong with actually taking AIG and winding it down? It is a so-called "zombie." We are told in vague terms "it is too big to fail." When I asked Secretary Geithner, just about 10 days ago, I read in the Wall Street Journal, Mr. Secretary, that, in fact, we are shoveling money in the front door of AIG because it is too big to fail, the taxpayers are on the hook for over \$150 billion to AIG, and now we are 80 percent owners, and they are still paying bonuses to the people who created the problem, and apparently they are shoveling money out the back door to some of the firms who are getting money in the front door, most notably Goldman Sachs. Goldman Sachs has been getting direct infusions of cash from the Federal Government, and now they are going to be made 100 percent whole on their bets with AIG. They were gambling with AIG, betting against other people's securities with these so-called "credit default swaps." So instead of saying, "tough, we will give you back your bet, but we are not going to give you 100 percent of the amount you were betting on," they are getting 100 percent of the amount they were betting on, and meanwhile we are subsidizing them on both ends here through this black box that is called "AIG" that is too big to fail, that, gee, it is just way too complicated to explain to you why it is too big to fail and why we couldn't unwind this zombie corporation in an orderly way. Had we done that last fall or earlier this year, then we wouldn't have had to pay the bonuses because it would have been clear the company was bankrupt, and it could have been taken care of and unwound in a much more orderly way. But we are not being given the information about why it is too big to fail and why this is the way to do it.

And when I asked Secretary Geithner, is it true we are giving money to AIG that then they are giving to Goldman Sachs for bad bets they made? I asked if there was something call a "naked credit default swap?" He said, "oh, don't believe everything you read in the Wall Street Journal. It is not true."

The Treasury has revealed that what I read in the Wall Street Journal was indeed true. These same huge firms that are benefiting from a direct bailout from the government are also getting a second-level indirect bailout on their bad bet. And some of these firms are foreign banks. We are not only bailing out the likes of Goldman Sachs. We are bailing out Deutsche Bank and other foreign interests.

This is outrageous. We need a full investigation, an explanation of what has gone on and what is going on. We need to take legal steps to prosecute any of

those who broke the laws. And we also have to have stiff new regulatory reforms to make sure this doesn't happen again. And none of that is happening, sad to say.

UNPRECEDENTED TAXING AND SPENDING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentlewoman from Minnesota (Mrs. BACHMANN) is recognized for 60 minutes as the designee of the minority leader.

Mrs. BACHMANN. Mr. Speaker, I just wanted to comment also with the preceding gentleman, my colleague from Oregon. I would agree with him. I think he is 100 percent right. We do need to have an investigation. The American people were outraged last week when they heard about these bonuses. I would agree with the colleague from Oregon. We do need to have an investigation. Who knew what when? And the fingers need to be pointed right here at Members of Congress, Members of the House, Members of the Senate, and also the administration. Who was it that negotiated these payments? We still don't have an answer. The American people deserve to know. We have a timeline. We have some facts in evidence out there. We had Mr. Liddy, the CEO of AIG, in front of the House Financial Services Committee just last week. I sat in that committee. Mr. Liddy, under questioning, I asked Mr. Liddy myself, did the Federal Reserve chair know about these bonuses? Did he acquiesce to them? The answer was "yes." Also the Treasury Secretary. The Treasury Department was involved in negotiating the compensation contracts.

Today in Financial Services Committee, the Treasury Secretary again was sitting at the table before the committee. The Federal Reserve chair was there as well. The questioning came before them. The Treasury Department was involved. The Federal Reserve was involved. And we know that the bill that was brought to this body and voted here in this Chamber, the stimulus bill, the \$1.1 trillion bill with debt service, this tremendous historic-spending-levels bill that came before us, that was the smoking gun. Senator CHRIS DODD inserted that amendment into the bill. He claimed that the Obama administration insisted that that amendment be put into the bill, the language that would protect these AIG bonuses. And as a matter of fact, you could call President Obama's stimulus bill the "AIG Bonus Protection Plan" because bonuses were simply protected by this bill.

I would agree with my colleague from Oregon. We need an investigation. We need a special independent prosecutor who can look into this and find out the true facts. What did the Obama administration know? When did they know it? What did Members of Congress know? When did they know it? Clearly,

this was a government cartel that was protecting these AIG bonuses.

And why do we need to know this? Because the American people have figured out something that Congress is only just now beginning to figure out. Under President Obama's budget, we see that the administration is spending too much, they are taxing too much, they are certainly borrowing too much, so much so that the American people are saying "I have had it up to here, I can't take it any more." And the economy is following suit.

Well, our colleagues are here today to talk about this. They have a lot to say. Joining me right now is a colleague from the great State of Ohio. He represents the people in the 12th Congressional District of Ohio and the great city of Columbus, Mr. PAT TIBERI, the new father of triplets, and I defer now to my colleague from Ohio, Mr. PAT TIBERI.

Mr. TIBERI. I thank the gentlelady from Minnesota for yielding me some time to talk about a very important subject. As you mentioned, as the new father of triplets, looking at this budget is pretty frightening, not just for me, but obviously what I feel for them and my older daughter as we have in this budget an unprecedented level of spending and also some policy issues that are going to cost them and many in my State of Ohio a tremendous amount of money.

So this budget has real consequences on real people. In fact, the chart behind me demonstrates a little bit about that budget and what that budget does to our national debt. This debt, as you see in red, is representing the administration's budget, a staggering number that will go up considerably if this budget, which is being debated in the House Budget Committee this week, presumably on the House floor, next week, if it passes, as it is, this will be the result, a doubling of the debt held by the public. It is unbelievable.

Who is going to pay that debt? It is going to be our children and our grandchildren. They are going to be saddled with unprecedented debt, debt as far as the eye can see.

When I got elected to Congress in 2001, when I was sworn in, you can see where the national debt was. The Republicans and the administration during the last 8 years were criticized for not dealing with that debt in blue. And it went up. And it went up entirely too much. But not nearly as much as it is going to go up if this budget passes. The consequences are devastating to our economy.

In fact, within that budget is something called "cap-and-trade." It is an energy issue to deal with the issue of global warming. But in Ohio, what it will do is devastate our already ailing economy. It will cause people to leave and businesses to leave. In fact, within my district, there is a municipal power company. It will create the loss of jobs as well. Within my district and many other districts in Ohio there are munic-

ipal power companies, not investor owned, but owned by municipalities. And one such one has said that it will quadruple, quadruple the rates that their ratepayers pay. Quadruple. Now my mom and dad, who are on a fixed income, will see their electric go up. They will see their gas bills to heat their home go up. They will see their gasoline that they pay for in their 14-year-old car go up in cost. This will be a huge, huge tax increase on them not to even mention the goods and services that will go up, just the energy tax alone.

We on this side of the aisle believe that an all-of-the-above energy approach to solving our domestic energy needs should be debated rather than a cap-and-tax program that will devastate economies like Ohio's economy. It will be absolutely a killer to jobs in our State.

Now the other issue that you may hear about in the next week is spending, that my colleagues and friends on the other side of the aisle are going to constrain spending. Well, here are the facts, the Congressional Budget Office facts. The blue has been the spending over the last 8 years. The red is the spending over the administration's budget. Clearly, we are going to see an incredible amount of new spending.

□ 1630

So the problem in Washington, D.C. is not a revenue problem. The problem in Washington D.C. is a spending problem. There is no such thing as a spending restraint.

Ladies and gentlemen of the House, this is an eye-popping proposal, one that is going to have huge consequences to our economy, to our children, to our grandchildren, to our way of life. We must, we must put a stop to this proposal, and the only way we can do that is with the help of the American people because, quite frankly, this side of the aisle just doesn't have the votes. The other side of the aisle does, and we need the American people engaged in a proposal that will have a killer effect on our economy and one that will have a devastating effect on the future of our children and our children's children.

I yield back to the gentlelady from Minnesota.

Mrs. BACHMANN. I thank the gentleman from Ohio's 12th district, PAT TIBERI. The remarks that he is making about the burdens that our children and grandchildren will bear are startling. I had a baby born to my husband and I back in 1987, and I did a study on what the Social Security tax would be on that baby, who is now 22 years old, when he gets to be in his peak earning years. Now, I know that Mr. TIBERI has triplets that were born this year. We are looking at the debt burden on my son, now 22. In his peak earning years, 25 percent of his income will have to be devoted just for the Social Security portion of his tax bill. It is simply unsustainable.